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## SpiceJet minority shareholders firm on legal fight as open offer arrives

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Kalanithi Maran's move to complete the acquisition of low-fare airline SpiceJet got a shot in the arm on Wednesday evening after his merchant bankers announced new dates for an open offer to acquire an additional 20% stake in the budget carrier.

But sources tell us that the minority shareholders of Royal Holdings Services (RHSL), the holding company through which erstwhile promoter B Kansagra held his 12% stake in SpiceJet, will continue to challenge Kansagra's sale of shares to Maran.

Even when market regulator Sebi has allowed Maran to go ahead with the open offer for acquiring additional 20% stake in SpiceJet, RHSL's minority shareholders are examining further legal options and may move court challenging the entire acquisition process.

The open offer is now slated to begin on October 18 and close on November 6.

As of now, a complete restructuring of SpiceJet's board of directors has been delayed till now because of the non-completion of Maran's acquisition.

Only six directors remain on the board now against the earlier nine. Even the expat CEO, hired just yesterday, has not been appointed to the board.

The directors remaining on the board are: B Kansagra, Mukkaram Jan, Atul Sharma, Kishore Gupta, Ranjeet Nabha and Vijay Kumar. Nabha is widely expected to exit from the board as soon as Maran completes the acquisition process.

Unless the open offer is challenged quickly in Indian courts, this restructuring will now happen very soon.

Vyapak Desai, head, international litigation practice at Nishith Desai and Associates, confirmed that his firm is the law firm for RHSL's minority shareholders.

"These shareholders have taken legal advice to pursue remedies in India", he said adding that they have also approached US courts since RHSL is based in the US.

Sources tell us that though RHSL shareholders are not contesting the pricing of the share sale to Maran by Kansagra, they have been left utterly clueless about the whole transaction.

This, despite Kansagra and them being the only shareholders in RHSL when Kansagra sold his stake in SpiceJet to Maran. It remains unclear if the entire 12% held in RHSL has been sold or some equity is still retained in RHSL.

Also, sources in the aviation regulator DGCA point out that at the time of striking the acquisition deal, Maran had informed them of his intention to acquire majority equity in SpiceJet through a two-step process - buying out promoters' stake and the subsequent open offer.

"Maran had also averred that till the open offer is completed, let the old board of directors continue. He would seek clearance for a new board only when the open offer is completed," sources said.

So now, the SpiceJet deal - which is already facing legal issues in the US - may also have to wait for legal approval from Indian courts.

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